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Arizona Corporation Commission

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14915 E. Eagle Mountain Parkway

Fountain Hills, Arizona 85268

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April 5, 2005

DOCKETED BY

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To: Arizona Corporation Commission
From: Don Rea, PGA Certified General Manager and Public Relations Committee
Chairman of the Fountain Hills Chamber of Commerce Tourism Bureau.
Re: Docket Control # W-02113A-04-0616 Chaparral City Water Company

Dear Commission,

As the General Manager of The Golf Club at Eagle Mountain, it is with great concern that I am writing to you on the proposed Rate Case presented by Chaparral City Water Company (CCWC). Although our course superintendent and water manager, Joe Miller, has also submitted a letter I felt it necessary to present the tourism, tax and fiscal ramifications of the proposed rate increase.

The fiscal effects are obvious as the suggested increase will increase our potable and effluent water costs by over \$100,000. It is impossible to absorb such a dramatic increase in expenses without either raising our rates or providing a course of sub par playing conditions. Either way it increases the already competitive advantage the Fort McDowell Yavapai Nation has over surrounding courses. As you know We Ko Pa golf course like many tribal courses is allowed unrestricted use of potable water to irrigate their course. This makes providing championship course conditions less costly to maintain. This coupled with the advantageous sales tax situation ensures a lower overhead for their facility and thus the ability to offer lower wholesale rates to hotels and tee time providers driving tourism dollars away from sales and property tax paying businesses such as the Golf Club at Eagle Mountain. Raising our rates is not feasible because of the competitive nature of the golf business in Arizona. Allowing course conditions to suffer will affect market share. Considering that we are a tax generating facility for the Town of Fountain Hills and the State of Arizona, it is not a beneficial situation for any of us to lose customers to non tax generating businesses. There is no doubt that more tourism and local dollars will be lost to the Yavapai Nation if this competitive imbalance is increased.

The Governor's Drought Task Force guidelines for drought response and mitigation as well as the Arizona Department of Water Resources Third Management Plan guarantee that we will be good stewards of our water supply. Our dedication to conserving water as well as our responsibility to the state will require us to face tough decisions when it comes to providing championship course conditions to our out of state visitors in the



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years ahead. Tribal courses will never face the challenges that lie ahead, that is why your decision on CCWC's proposal is crucial to the operation of not only the Golf Club at Eagle Mountain, but Desert Canyon Golf Club, FireRock Country Club and SunRidge Canyon Golf Club.

Thank you for your consideration and please feel free to contact me if needed,

Best regards,

Don Rea
PGA Certified Professional/General Management
Director of Golf
Golf Club at Eagle Mountain
Public Relations Committee Chairman
Fountain Hills Chamber of Commerce Tourism Bureau
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